



# KENTUCKY FINANCES STILL IN PERIL

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## THE FINANCIAL STATE OF KENTUCKY

A new analysis of the latest available audited financial reports found Kentucky has a Taxpayer Burden™ of \$39,200, earning it an "F" grade based on Truth in Accounting's grading scale.

Financial decisions made by the commonwealth's elected officials over the years have left Kentucky with a \$50.3 billion shortfall, which equates to \$39,200 for every taxpayer. Most of the commonwealth's overall debt comes from contractually protected pension benefits and retiree health care costs. Of the \$71.7 billion in retirement benefits promised, the commonwealth has not funded \$40.6 billion in pension and \$6.5 billion in retiree health care benefits.

Kentucky's financial condition is not only alarming but also misleading as government officials have failed to disclose significant amounts of retirement debt on the commonwealth's balance sheet. Residents and taxpayers have been presented with an unreliable and inaccurate accounting of their government's finances.

### Here's the truth:



Data included in this report is derived from the commonwealth of Kentucky's 2017 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

# KENTUCKY FINANCIAL BREAKDOWN

## FAST FACTS

- + Kentucky has \$12 billion available in assets to pay \$62.3 billion worth of bills.
- + The outcome is a \$50.3 billion shortfall and a \$39,200 Taxpayer Burden.
- + Despite reporting all of its pension debt, the commonwealth continues to hide \$3.1 billion of its retiree health care debt.
- + Kentucky's reported net position is inflated by \$7.5 billion, largely because the commonwealth defers recognizing losses incurred when the net pension liability increases.

### THE COMMONWEALTH'S BILLS EXCEED ITS ASSETS

Assets	\$51,642,568,000
<i>Minus:</i> Capital assets	-\$33,650,003,000
Restricted assets	-\$6,008,620,000
Assets available to pay bills	\$11,983,945,000
<i>Minus:</i> Bills	-\$62,258,778,000
Money needed to pay bills	-\$50,274,833,000
<b>Each taxpayer's share of this debt</b>	<b>-\$39,200</b>

### BILLS THE COMMONWEALTH HAS ACCUMULATED

Bonds	\$11,458,769,000
Other liabilities	\$9,437,609,000
<i>Minus:</i> Debt related to capital assets	-\$5,724,736,000
Unfunded pension benefits	\$40,560,666,000
Unfunded retiree health care	\$6,526,470,000
<b>Bills</b>	<b>\$62,258,778,000</b>

## GRADE: F

Bottom line: Kentucky would need more than \$20,000 from each of its taxpayers to pay all of its bills, so it has received an "F" for its finances from Truth in Accounting.

Truth in Accounting is committed to educating and empowering citizens with understandable, reliable, and transparent government financial information. To be knowledgeable participants in their government and its budget process, citizens need truthful and transparent financial information.